

Supreme Court, U.S.

FILED

FEB 16 1972

E. ROBERT SEAYER, CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1971,

No. 70-314

BRUNETTE MACHINE WORKS LTD.,

Petitioner,

vs.

KOCKUM INDUSTRIES, INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF
APPEALS FOR THE NINTH CIRCUIT

BRIEF OF AMERACE ESNA CORPORATION AMICUS CURIAE.

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**BRIEF OF AMERACE ESNA CORPORATION
AMICUS CURIAE.**

INTRODUCTION.

This amicus brief is submitted in support of Kockum Industries, Inc., and is filed with the consent of both parties pursuant to Rule 42 of the Rules of this Court. The requisite written consents of the parties are on file with the Clerk.

STATEMENT OF THE QUESTION PRESENTED.

Whether in a patent infringement action against an alien defendant having no regular and established place of business in the United States, venue is controlled by 28 U. S. C. § 1400(b) or by 28 U. S. C. § 1391(d).

INTEREST OF THE AMICUS CURIAE.

Amerace Esna Corporation is a Delaware corporation having its principal place of business in New York City. On June 10, 1969, Amerace Esna Corporation caused suits for infringement of its U. S. Patent No. 3,332,327 to be filed in two different United States District Courts. One suit was filed in the Northern District of Texas, naming as defendants therein Highway Safety Devices, Incorporated (HSD), a corporation having a regular and established place of business in Dallas, Texas; G. D. Morris, the President of HSD and a resident of Dallas, Texas; I. T. L. Industries Limited, a Canadian corporation; two wholly owned Canadian subsidiaries of I. T. L., and Peter Hedgewick, a Canadian citizen. The other suit was brought in the Central District of California and named therein as defendants Ray-O-Lite, Inc., a wholly owned California subsidiary of I. T. L., and also the same Canadian companies and citizen.

In both cases the charge of infringement against the Canadians was based upon their acts of inducing infringement by the local defendants. The infringing articles were constructed in the following manner:—the tools for molding same were manufactured in Canada by one of the wholly owned Canadian subsidiaries of the amicus I. T. L. Those tools were then brought into the United States and were furnished to an unaffiliated molding company in Ohio, which company performed part of the manufacturing operation on the order of the Canadians and was paid by them. The parts were shipped from Ohio, at the direction of the Canadians, either to Ray-O-Lite, Inc., in California, or to an unaffiliated company in Louisiana. These companies completed manufacture of the articles. HSD received completed articles from both the Louisiana company and from Ray-O-Lite, Inc.

The Canadian defendants arranged it so that G. D. Morris and HSD were the exclusive distributor of the

infringing pavement markers in all but the eleven western states of the United States; and that Ray-O-Lite, Inc. was the exclusive distributor in the eleven western states. HSD and G. D. Morris are indemnified by the Canadians and the Canadians paid the expense of and controlled the litigation on behalf of those local defendants.

In each case the Canadian defendants filed a motion to dismiss based on a claim of improper venue and alleged that such parties were neither inhabitants of the respective districts nor did they have regular and established places of business therein so as to bring them within 28 U. S. C. § 1400(b). The motion subsequently was dropped in California, although the allegations were included in the Answers filed by the Canadians. In Texas, Judge Hughes denied, without opinion, the Canadian defendants' motion to dismiss them from the Texas case. The Texas case proceeded to trial on the merits against all of the defendants therein; the patent in suit was held valid and infringed, the decision appearing at 330 F. Supp. 313 (1971), and an appeal has been taken by the Canadian defendants to the Fifth Circuit Court of Appeals on the questions of venue and validity.

Subsequent to the entry of judgment in the Texas case, Amerace filed in California a motion for summary judgment based on res judicata. The California Court found Ray-O-Lite, Inc. (and Ray-O-Lite International, a Michigan subsidiary of I. T. L., which had intervened) to be agents for, alter egos of, and in privity with the Canadians. An appeal has been taken by Ray-O-Lite, Inc. to the Ninth Circuit Court of Appeals.

This Court's disposition of the instant case may have a bearing on the present appeal to the Fifth Circuit Court of Appeals and also may have a bearing on the appeal to the Ninth Circuit Court of Appeals.

The statement of facts in the brief of amicus I. T. L.

Industries Limited, under the heading "Interest of the Amicus Curiae" is inaccurate and incomplete and contains irrelevant argumentative statements.*

*On page 2, the statement that Amerace brought suit in Texas based on acts committed in connection with the operation of the two American manufacturing subsidiaries, including Ray-O-Lite International, is not true. Amerace was unaware of Ray-O-Lite International until after the suit was filed. Moreover, Ray-O-Lite International never manufactured anything.

On page 3, the statement that while prosecuting the Texas action Amerace brought the California action against the Canadians and the two American subsidiaries is not true. Both the California and Texas actions were filed on the same day. Also, Amerace never brought suit against Ray-O-Lite International. Subsequent to the filing of the Texas and California actions the Canadians caused Ray-O-Lite International to file a declaratory judgment action in Detroit and therein moved to enjoin further proceedings in the Texas and California cases. The Detroit action subsequently was withdrawn after Amerace filed its brief opposing such motion. While the Detroit action was pending, Ray-O-Lite International intervened in California.

On page 4, the statement that I. T. L. is discriminated against vis-a-vis the treatment accorded American corporations, because it is required to respond to infringement charges anywhere in the United States, is argumentative and inaccurate. I. T. L. would only be required to respond in a district in which service of process is proper, and in those instances it would have an opportunity to move to quash the service of process.

On page 4, the assertion that the Canadians could be joined with their subsidiaries under Section 1400(b) on the ground that the subsidiaries are the Canadian defendants' alter egos, ignores the fact that the alter ego allegation was denied by the Canadians and the issue is on appeal to the Ninth Circuit Court of Appeals.

On pages 4 and 5, the argumentative comment is made that "... it is interesting to note that the real infringer, Ray-O-Lite, Inc., a company that is making nearly all of the accused infringing devices, could not be joined in the original Texas action. ..." The amicus brief fails to mention that the local defendants in the Texas case purchased, in part, the infringing articles from the Louisiana company, and also fails to mention that the local Texas defendants could not have been sued in California, because venue would not be proper as to them.

On page 5, the argumentative comment that the Texas decision was rendered in an improper forum is untrue. The forum is proper as to the defendants G. D. Morris and HSD, and the unappealed decision against those local defendants is now final.

The arguments on pages 16, 18 and 19 of the I. T. L. brief are inaccurate in view of the facts noted above.

SUMMARY OF ARGUMENT.

Since this Court first considered the question of venue in patent infringement actions against aliens in *In re Hohorst*, the Federal Courts have, with but one exception, consistently held that an alien may be sued for patent infringement in any district in which he can be served. No change in this well-established law was effected by the 1948 Judicial Code, as is made clear by the Reviser's Notes to § 1391(d).

To hold that aliens are not subject to actions for patent infringement under § 1391(d) would grant to aliens an immunity not intended by Congress. Neither actions against sellers and users of the infringing products nor proceedings under the Tariff Act against importers is a feasible alternative to an action for patent infringement against an alien in a United States District Court.

ARGUMENT.

I.

The Question of Venue in Patent Infringement Actions Against Aliens Has Often Been Considered by the Federal Courts.

In 1893 this Court in *In re Hohorst*¹ held that an alien could be sued for patent infringement in any district where service could be effected. The then existing venue statute provided that civil actions could be brought only in the district whereof the defendant was an inhabitant.² The Court in *Hohorst* concluded that this venue statute applied neither to aliens nor to patent infringement actions. Two years later, in *In re Keasbey & Mattison Co.*,³ a trademark infringement action, this Court held that *Hohorst* was limited to actions against aliens and, in particular, patent infringement actions against aliens.⁴ Despite this clear holding in *Keasbey*, the lower courts became confused as to whether *Hohorst* applied also to patent infringement actions against domestic corporations and citizens.

To eliminate this confusion as to domestic infringers, Congress passed the Act of March 3, 1897, defining venue

1. 150 U. S. 653 (1893).

2. "... and no civil suit shall be brought before either of said courts [Circuit Courts and District Courts of the United States] against any person by any original process or proceeding in any other district than that whereof he is an inhabitant; but, where the jurisdiction is founded only on the fact that the action is between citizens of different States, suit shall be brought only in the district of the residence of either the plaintiff or the defendant." Act of March 3, 1887, ch. 373, § 1, 24 Stat. 552, as amended by Act of August 13, 1888, ch. 806, 25 Stat. 433.

3. 160 U. S. 221 (1895).

4. *Id.* at 230.

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in such patent infringement actions.⁵ There was no reference to aliens in this statute.

In *Barrow Steamship Co. v. Kane*,⁶ this Court cited *Hohorst* and other decisions and held that the venue provisions in the Acts of Congress "... have no application to a suit against an alien or a foreign corporation; but such a person or corporation may be sued by a citizen of a State, of the Union in any district in which valid service can be made upon the defendant."⁷ The District Court in *United Shoe Co. v. Duplessis Independent Shoe Machinery Co.*⁸ considered the Act of 1897 and cited *Hohorst* as representing the applicable law that an alien defendant in a patent infringement action could still be sued in any district wherein he was amenable to service of process.

The Act of March 3, 1897, was embodied as Section 48 in the Judiciary Act of March 3, 1911.⁹ In *Sandusky Foundry & Machine Co. v. DeLavaud*¹⁰ and *Keller v. American Sales Book Co.*,¹¹ it was recognized that the law as set forth in *Hohorst* continued in effect after the Judiciary Act of 1911.

In *Stonite Products Co. v. Melvin Lloyd Co.*,¹² this Court

5. "That in suits brought for the infringement of letters patent the Circuit Courts of the United States shall have jurisdiction in law or in equity, in the district in which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business. . . ." Act of March 3, 1897, ch. 395, 29 Stat. 695.

6. 170 U. S. 100 (1898).

7. *Id.* at 112.

8. 133 F. 930 (D. Mass. 1904).

9. Act of March 3, 1911, ch. 231, § 48, 36 Stat. 1100 (codified at 28 U. S. C. § 109 (1940)) [hereinafter cited as § 48].

10. 251 F. 631 (N. D. Ohio 1918).

11. 16 F. Supp. 189 (W. D. N. Y. 1936).

12. 315 U. S. 561 (1942).

held that venue in a patent infringement action against a domestic corporation was governed by § 48, and that section was not to be supplemented by § 52¹³ of the same Act, which related to suits against defendants residing in different districts of a multi-district state. The *Stonite* case did not involve alien defendants, neither § 48 nor § 52 dealt with aliens and the Court's decision contained no discussion of or reference to aliens. Thus, the *Stonite* decision in no way conflicted with the then well-established law that patent infringement suits against aliens could be brought in any district, and *Stonite* did not in fact overrule any of the earlier decisions relative to alien venue.

In 1948, the Judicial Code was revised and enacted into law by the Act of June 25, 1948, ch. 646, 62 Stat. 869, 985-992. Section 33 of this Act provides that no inference is to be drawn from the chapter and section arrangements or from the particular catchlines used in the Code.¹⁴ The venue provisions of § 48 became § 1400(b)¹⁵ of the revised Code. Section 1400(b) remains silent with respect to venue in suits against aliens, but § 1391(d) was added to the revised Code to specifically provide that "[a]n alien

13. "When a State contains more than one district, every suit not of a local nature, in the district court thereof, against a single defendant, inhabitant of such State, must be brought in the district where he resides; but, if there are two or more defendants, residing in different districts of the State, it may be brought in either district, and a duplicate writ may be issued against the defendants, directed to the marshal of any other district in which any defendant resides. . . ." Act of March 3, 1911, ch. 231, § 52, 36 Stat. 1101 (codified at 28 U. S. C. § 113 (1940)).

14. "No inference of a legislative construction is to be drawn by reason of the chapter in Title 28, Judiciary and Judicial Procedure, as set out in section 1 of this Act, in which any section is placed, nor by reason of the catchlines used in such title." Act of June 25, 1948, ch. 646, § 33, 62 Stat. 991.

15. "Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business." 28 U. S. C. § 1400(b) (1970) [hereinafter cited as § 1400(b)].

may be sued in any district."¹⁶ The Reviser's Notes to § 1391(d), in citing the *Sandusky* case and *Keating v. Pennsylvania Co.*¹⁷ and the cases cited in each, make it clear that this section was to govern venue in all suits against aliens, including patent infringement suits. (Both *Sandusky* and *Keating* cited *In re Hohorst*.)

In *Fourco Glass Co. v. Transmirra Products Corp.*,¹⁸ this Court again held that venue of a patent infringement action against a domestic corporation is determined exclusively by § 1400(b) and is not to be supplemented by § 1391(c).¹⁹ Since an alien was not involved in *Fourco*, and since neither § 1391(c) nor § 1400(b) deals with aliens, the *Fourco* decision in no way conflicted with, let alone overruled, any of the earlier decisions establishing the rule (codified in § 1391(d)) that a patent infringement action against an alien may be brought in any district where service of process can be effected. A number of decisions subsequent to the 1948 Code revision have specifically held that the law still remains that an alien may be sued for patent infringement in any district in which he may be served.²⁰

16. 28 U. S. C. § 1391(d) (1970) [hereinafter cited as § 1391(d)].

17. 245 F. 155 (N. D. Ohio 1917).

18. 353 U. S. 222 (1957).

19. "A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes." 28 U. S. C. § 1391(c) (1970).

20. *Société Industries Mécaniques Allies v. Lewis*, unreported (4th Cir.), cert. denied, 403 U. S. 905 (1971); *Amerace Esna Corp. v. Highway Safety Devices, Inc.*, 300 F. Supp. 313 (N. D. Tex. 1971); *Deering-Milliken Research Corp. v. Vecchioni*, 168 U. S. P. Q. 59 (E. D. Va. 1970); *SCM Corp. v. Brother International Corp.*, 316 F. Supp. 1328 (S. D. N. Y. 1970); *Deering-Milliken Research Corp. v. Stahlecker*, 166 U. S. P. Q. 321 (D. S. C. 1969); *Chas. Pfizer & Co. v. Laboratori Pro-Ter Prodotti Thera-*

Since the inception in *Hohorst* of the "any district" venue rule for patent infringement actions against aliens, only one Court has refused to follow that rule. In *Coulter Electronics, Inc. v. A. B. Lars Ljungberg & Co.*,²¹ the Court of Appeals for the Seventh Circuit, relying on the broad language in the *Stonite* and *Fourco* cases, held that § 1400(b) is not to be supplemented by § 1391(d), and concluded that an alien may not be sued for patent infringement unless it has a regular and established place of business in the United States.

The Court in *Coulter* apparently gave no consideration to the Reviser's Notes to § 1391(d).

II.

No Change in Well-Established Decisional Law as to Aliens Was Effected by the 1948 Judicial Code.

In *Fourco*, this Court noted that no changes of law or policy were intended in the 1948 Code unless clearly expressed in the Reviser's Notes and, with respect to the venue provisions of the Code, observed that no such intention was expressed in the Reviser's Notes.²² The fact that § 1391(d) appears under the heading "Venue generally" is of no significance, since section 33 of the statute

peutici, 278 F. Supp. 148 (S. D. N. Y. 1967); *Olin Mathieson Chemical Corp. v. Molins Organizations, Ltd.*, 261 F. Supp. 436 (E. D. Va. 1966); accord, *Japan Gas Lighter Ass'n v. Ronson Corp.*, 257 F. Supp. 219 (D. N. J. 1966).

21. 376 F. 2d 743 (7th Cir. 1967).

22. 353 U. S. at 227-228. *Fourco* held that the prevailing rule under § 48 (28 U. S. C. § 109 (1940)) was carried forward under the provisions of § 1400(b), particularly as regards corporate residence. Since it was also the prevailing rule under § 48 that aliens could be sued for patent infringement in any district, *Fourco* suggests that this rule is also carried forward under § 1400(b). *Japan Gas Lighter Ass'n v. Ronson Corp.*, 257 F. Supp. 219, 226 (D. N. J. 1966).

by which the 1948 Code was enacted into law makes it clear that no inference of legislative construction is to be drawn from the arrangement of the Code sections or from the catchlines used therein.²³

The Reviser's Notes are the key source for determining the Congressional intent of venue provisions of the Code.²⁴ The Reviser's Notes to § 1391(d) are as follows:

"Subsection (d) of this section is added to give statutory recognition to the weight of authority concerning a rule of venue as to which there has been a sharp conflict of decisions. See (*Sandusky Foundry & Machine Co. v. DeLavand [sic]*, 1918, D. C. Ohio, 251 F. 631, 632, *and cases cited*. See also *Keating v. Pennsylvania Co.*, 1917, D. C. Ohio, 245 F. 155 *and cases cited*.)" (Emphasis added.)

It is significant that the *Sandusky* case was a patent infringement action against an alien, wherein the Court held that § 48 did not apply to actions against aliens and that venue was proper in any district wherein the alien could be served with process. Equally significant is the fact that in both the *Sandusky* and *Keating* cases, the decision in *Hohorst* was cited as expressing the settled law in regard to aliens.

Both petitioner and amicus curiae I. T. L. Industries Limited suggest that the "conflict of decisions" referred to in the Reviser's Notes to § 1391(d) was a conflict with respect to a general venue provision with regard to aliens.²⁵

23. See note 14, *supra*.

24. See 353 U. S. at 228 n. 6; H. R. Rep. No. 308, 80th Cong., 2d Sess. 7 (1947), which contains the statement: "The reviser's notes are keyed to sections of the revision and explain in detail every change made in text. References to court decisions are supplied wherever necessary or appropriate."; *United States v. National City Lines, Inc.*, 337 U. S. 78, 81 (1949); J. Moore, *Judicial Code-Commentary* ¶ 0.03(11), at 77 (1949).

25. Brief for Petitioner at 9; Brief for I. T. L. Industries Limited as Amicus Curiae at 12-13.

However, the opinions in the *Sandusky* and *Keating* cases disclose no conflict whatsoever as to alien venue in original actions,²⁶ but the *Keating* case indicates that there was a conflict of decisions relating to the district to which a domestic defendant might remove an action brought against it in a state court by an alien.²⁷ It is beyond dispute, notwithstanding the speculations of I. T. L., that in citing *Sandusky* and the cases cited therein the Reviser did indeed intend to indicate that the range of cases encompassed by § 1391(d) includes patent infringement actions as well as all other actions against alien defendants.²⁸ Since in *Stonite* this Court was in no way concerned with actions against aliens, that case cannot be construed as overruling or limiting *Sandusky* in any way.²⁹

26. The Court stated in the *Sandusky* opinion as follows:

"The defendants who have appeared are aliens. It seems to be settled law that they are not inhabitants of any district, and may be sued in any district within which process can be served on them. It was so held under what is now section 48 of the Judicial Code (Act March 3, 1911, c. 231, 36 Stat. 1100 [Comp. St. 1916, §§ 1024, 1030]) in *United Company v. Duplessis Company* (C. C.) 133 Fed. 930. Such is said to be the law in *Walker on Patents* (5th Ed.) § 389. The same holding has been repeatedly made under section 51 of the Judicial Code (Comp. St. 1916, § 1033) as applied to causes of action other than suits arising under the patent laws. In *re Hohorst*, 150 U. S. 653, 14 Sup. Ct. 221, 37 L. Ed. 1211; *Barrow Steamship Co. v. Kane*, 170 U. S. 100, 18 Sup. Ct. 526, 42 L. Ed. 964; *Wind River Lumber Co. v. Frankfort Marine Ins. Co.*, 196 Fed. 340, 116 C. C. A. 160; *Keating v. Pennsylvania Co.* (D. C.), 245 Fed. 155. The reasoning applies equally to both classes of cases against alien defendants." (Emphasis added.) 251 F. at 632-633.

27. 245 F. at 156-157.

28. *SCM Corp. v. Brother International Corp.*, 316 F. Supp. 1328, 1331 (S. D. N. Y. 1970); *Chas. Pfizer & Co. v. Laboratori Pro-Ter Prodotti Therapeutici*, 278 F. Supp. 148, 152 (S. D. N. Y. 1967); *Japan Gas Lighter Ass'n v. Ronsdn Corp.*, 257 F. Supp. 219, 226 and n. 6 (D. N. J. 1966); see note 24, *supra*.

29. See *SCM Corp. v. Brother International Corp.*, 316 F. Supp. 1328, 1330 (S. D. N. Y. 1970); *Olin Mathieson Chemical Corp. v. Molins Organizations, Ltd.*, 261 F. Supp. 436, 440 (E. D. Va. 1966).

III.

Petitioner and I. T. L. Are Seeking for Aliens Immunity from Suit for Patent Infringement in the United States, and Not Merely a Determination of the Proper Locality for Such a Suit.

“Venue deals with the locality of the suit, that is, with the question of which Court, or Courts, of those that possess adequate personal and subject matter jurisdiction may hear the specific suit in question.”³⁰ As foreshadowed by the opinion of this Court in *In re Hohorst*, to construe the provisions of § 1400(b) as being applicable to all disputes involving patent infringements would leave the courts of the United States open to aliens against citizens for patent infringement, and closed to citizens against aliens for patent infringement,³¹ except in those rare instances where the alien has a regular and established place of business in some district in the United States and has committed acts of infringement in that same district. This anomalous and inequitable result could not have been the intent of Congress.³² Indeed, if the law were not settled that an alien could be sued for patent infringement in any district,

30. *Japan Gas Lighter Ass'n v. Ronson Corp.*, 257 F. Supp. 219, 224 (D. N. J. 1966); accord, *Olberding v. Illinois Central R. Co.*, 346 U. S. 338, 340 (1953).

31. 150 U. S. at 660. As an example, the alien defendants in the *Amerace* cases have financed, controlled and directed the acts of infringement in this country and have derived substantial monetary benefit therefrom, while asserting that they are not amenable to suit in this country because they do not fall within the language of 28 U. S. C. § 1400(b). The present assertion before this Court by the amicus I. T. L., that its domestic subsidiaries are its alter egos, is a complete reversal of its position before the California District Court and that issue is on appeal to the Ninth Circuit Court of Appeals.

32. *SCM Corp. v. Brother International Corp.*, 316 F. Supp. 1328, 1331 (S. D. N. Y. 1970).

it would be necessary for this Court to create such law in order to carry out the duties imposed upon the Federal Judiciary by the Constitutional provision that the judicial power of the United States extends to controversies between citizens of a state and citizens or subjects of foreign states³³, and the Judicial Code provision that the Federal Courts have exclusive jurisdiction of patent infringement actions.³⁴

It has been suggested by Petitioner³⁵ that in lieu of an action against an alien infringer, the U. S. Patent owner may obtain relief by suing anyone in this country who uses or sells a patented invention. However, the infringing products are often distributed through a multitude of sales outlets in this country, to an even greater multitude of users, and therefore a great multiplicity of suits would be necessary to terminate the infringement created by a single alien.³⁶ Also, since the alien can always switch to new sales outlets as judgments are obtained against the existing ones, the prospect of effective relief is almost nonexistent.

Further, with respect to sellers of the patented invention in this country, it must be recognized that many alien defendants do business in this country through agents, distributors, retailers or licensees³⁷ who are unable to respond adequately in damages, their sole assets often comprising only an inventory of infringing products.

With regard to suits against those who "use" the infringing products in this country, those users are often

33. U. S. Const. art. III, § 2.

34. 28 U. S. C. § 1338(a) (1970); 35 U. S. C. § 281 (1970).

35. Brief for Petitioner at 11.

36. *In re Orion Co.*, 71 F. 2d 458, 467 (C. C. P. A. 1934).

37. *See, e.g.*, *Coulter Electronics, Inc. v. A. B. Lars Ljungberg & Co.*, 376 F. 2d 743 (7th Cir. 1967); *Amerace Esna Corp. v. Highway Safety Devices, Inc.*, 330 F. Supp. 313 (N. D. Tex. 1971); *SCM Corp. v. Brother International Corp.*, 316 F. Supp. 1328 (S. D. N. Y. 1970); *Chas. Pfizer & Co. v. Laboratori Pro-Ter Prodotti Therapeutici*, 278 F. Supp. 148 (S. D. N. Y. 1967).

the patent owner's own customers which, as a practical business matter, make very unattractive defendants.³⁸

Petitioner further suggests that the patent-owner might proceed via the Tariff Commission for an order excluding entry of infringing products into the United States. But the requirements of 19 U. S. C. § 1337 and the Regulations of the Tariff Commission put such a heavy burden on the patentee that the results scarcely justify the effort. First of all, the Tariff Act was not intended as a means of enforcing private rights. *In re Amtorg Trading Corp.*, 75 F. 2d 826, 840-841 (C. C. P. A. 1935). Next, in order to establish that the importation is one which qualifies to be dealt with under § 1337, the complaining patent owner must show much more than mere infringement of his United States patent by the imported products. More particularly, he must demonstrate that the effect or tendency of the importation would be "... to destroy or substantially injure an industry, efficiently and economically operated, in the United States, or to prevent the establishment of such industry, or to restrain or monopolize trade and commerce in the United States."³⁹ Even if a temporary exclusion order is recommended by the Tariff Commission and ordered by the President, the importer may have the products released for entry into the United States by merely posting an appropriate bond.⁴⁰ Furthermore, if the Commission fails to recommend an exclusion order the complainant is without recourse, since § 1337 provides for appeal only by the importer.⁴¹ Even if, after a final investigation has been completed, the Tariff Commission makes a

38. See, e.g., *Amerace Esna Corp. v. Highway Safety Devices, Inc.*, 330 F. Supp. 313 (N. D. Tex. 1971) where the principal users were several state highway departments.

39. Tariff Act of 1930 ch. 497, § 337, 46 Stat. 703 (codified at 19 U. S. C. § 1337(a) (1970)).

40. 19 U. S. C. § 1337(f) (1970).

41. 19 U. S. C. § 1337(c) (1970); See also, Note, *Patent Protection Under The Tariff Act*, 13 Western Res. L. Rev. 377 (1962).

recommendation for permanent exclusion, the President may disregard the recommendation or decline to follow the same.

A careful examination of the history of Tariff Commission proceedings demonstrates that this approach has not afforded effective protection against infringement of U. S. patents by aliens.

The number of complaints filed before the United States Tariff Commission under the provisions of § 1337 of the Tariff Act of 1930, from 1944 through 1971, and the disposition of such complaints, is revealed in publications of the United States Tariff Commission, TC No. 244, April 1968, TC No. 422, September 1971; Calendar of Hearings and of Deadline Dates for Pending Investigations, United States Tariff Commission, Office of the Secretary, January 3, 1972; and others.

There have been 42 complaints under § 1337 filed with the Tariff Commissioner since 1944. Twenty-four of the 42 involved allegations of infringement of United States patents; two involved no allegations of patent infringement and it appears that perhaps the 16 others may have included charges of patent infringement.

Of the 42 cases filed since 1944, five complaints are still pending. Of the 37 complaints in which a determination has been reached, in 28 cases (78%) the action was dismissed for various reasons.

Recommendations for exclusion orders were made by the Tariff Commission in eight cases. In two cases, recommendations for temporary exclusion orders were approved by the President and sent back for further proceedings; the President rejected or failed to approve the Tariff Commission's recommendations for temporary exclusion orders in two cases. In two other cases, because of subsequent events, the recommendations for exclusion orders

were withdrawn from the President and the complaints dismissed by the Tariff Commission. It is not ascertainable from the Tariff Commission publications what happened in the two other cases in which recommendations for exclusion orders were sent to the White House. In a ninth case, the Tariff Commission was evenly divided, the report was sent to the President for action under 19 U. S. C. § 1330(d)(1) and the President declined to act thereon.

In only one instance since 1944 has a temporary exclusion order by the President been followed by a Tariff Commission recommendation for permanent exclusion, but the Tariff Commission publications fail to disclose whether the President followed the recommendation and signed a permanent exclusion order.

The published decisions of cases under § 1337 prior to 1944 disclose only one case wherein a permanent order of exclusion was signed by the President, in 1934, and in that case the order for exclusion was based not only on patent infringement, but on other acts of unfair competition.⁴²

In the period from 1944 through 1971, no patentee has obtained a final order of exclusion of infringing articles by proceedings before the Tariff Commission. Contrasted with this, unofficial statistics indicate that between 1953 and 1963 patents were held valid and infringed in 29% of the cases determined by the eleven Courts of Appeal.⁴³

It has been suggested by I. T. L. Industries Limited, in its amicus brief, that a holding that alien defendants may be sued for patent infringement in any district will serve to

42. *S. J. Charia & Co. v. United States*, 135 F. Supp. 727 (Cust. Ct. 1954).

43. Gausewitz, *Brief in Support of Proposed Amendment to Section 103, Title 35, Patents, U. S. Code*, 51 J. Pat. Off. Soc'y. 290 (1969).

discriminate against alien patent infringement defendants in favor of domestic patent infringement defendants, in contravention of the United States' treaty obligations with its principal trading partners.⁴⁴ However, it is apparent that the treaties referred to by I. T. L. Industries Limited provide only that aliens and domestics shall be afforded equal "*access to the courts of justice*" (*italics added*), of the parties to the treaties.⁴⁵ These treaties say nothing about the responsibilities of aliens as *defendants* in the courts of justice. To the contrary, if aliens are not subject to suits for patent infringement in this country, this would result in blatant discrimination in favor of aliens, since in many cases they would be rendered immune from suit from patent infringement in the United States while retaining all the privileges of free access to the United States courts.

I. T. L. Industries Limited argues that while the application of § 1391(d) to patent infringement actions would allegedly result in discrimination against aliens and a violation of our treaty obligations, that section would not result in such discrimination in all other actions against aliens because "domestics, under venue generally, are essentially subject to suit in any district in which service can be had, as are aliens under § 1391(d)."⁴⁶ This argument is insupportable in view of the provisions of 28 U. S. C. §§ 1391(a), (b), and (c).⁴⁷

44. Brief for I. T. L. Industries Limited as Amicus Curiae at 20-22.

45. *Id.* at 21.

46. *Id.* at 22 n. 23.

47. "(a) A civil action wherein jurisdiction is founded only on diversity of citizenship may, except as otherwise provided by law, be brought only in the judicial district where all plaintiffs or all defendants reside, or in which the claim arose.

"(b) A civil action wherein jurisdiction is not founded solely on diversity of citizenship may be brought only in the judicial

CONCLUSION.

Since the decision of this Court in *Hohorst* in 1893, the decisions have consistently held, with the exception of the *Coulter* case, that an alien may be sued in any district wherein he is amenable to service of process, and that this is true in patent infringement actions as well as all other actions against aliens. The Reviser's Notes to 28 U. S. C. § 1391(d) make it clear a second question that this long-standing rule as to alien defendants still applies.

Accordingly, Amerace Esna Corporation as amicus curiae submits that the judgment of the Court of Appeals for the Ninth Circuit should be affirmed.

Respectfully submitted,

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district where all defendants reside, except as otherwise provided by law.

“(c) A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.” 35 U. S. C. §§ 1391(a)-(c) (1970).